



AS BUSINESS

7131 / 1 Business 1
Report on the Examination

7131
June 2019

Version: 1.0

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Overview

This paper discriminated effectively with the most successful students being able to offer impressive responses across the range of questions. The least successful students tended to demonstrate a lack of precise knowledge and understanding of the specification content that was being assessed, and failed to make any meaningful use of the context provided by the questions and the case study material.

Most students seemed to demonstrate good time management skills and there was little evidence to suggest that students were struggling to complete the paper in the time allowed and within the confines of the answer booklet provided.

The use of additional pages seems to have been less prevalent than in the past. In most cases, when additional pages were used, they tended to be responses to questions 16.1 and 17.1 in which the students attempted to offer a second valid argument, having used all of the space in the answer booklet to develop their first line of argument, preceded, in many cases, by an often lengthy (and, arguably, unnecessary) definition of the concept or theory upon which the question was built. As ever, definitions can be an effective means of demonstrating precise knowledge and understanding. However this understanding can also be shown in the body of the response itself, and it is worth noting that the most successful students were generally able to develop effective answers to the 9 (and 16) mark questions within the bounds of the answer book provided.

The practice of using definitions as a starting point for a response appeared to be somewhat less common than in the past. Students do need to consider if the relevant knowledge and understanding could be shown within the body of their answer and whether this would save time. Simply defining terms at the start of every question can take up valuable time, and is not necessarily best practice especially when students are defining more general terms such as 'expansion' or 'contract'.

Overall, the most effective responses tended to display a range and depth of knowledge and understanding of AS business concepts and the ability to apply this effectively to unfamiliar scenarios. In addition, such responses demonstrated the ability to write well developed and balanced arguments, to provide judgements and solutions built effectively on analysis with a consistent focus on the question as a whole, and to use appropriate numerical techniques as and when necessary. Critically, the most effective responses demonstrated evidence of unlocking the key demands of the question and of thinking and planning. Not surprisingly the best responses clearly answered the question set.

At the other end of the spectrum, the less impressive responses generally demonstrated basic overall knowledge that was uneven at times with a limited ability to apply this and a tendency to be descriptive or to lose focus on the question. In addition, such responses displayed a limited attempt to develop arguments, and the evaluation, where present, tended to have limited focus on the question and was not linked to analysis.

Section A

The ten multiple choice questions enabled students to demonstrate their knowledge and understanding across a range of the AS subject content. Questions 3, 4 and 9 proved to be the most straightforward, closely followed by questions 5 and 2.

Question 7 proved to be the most challenging, with response B proving to be the most common distractor, and responses A and D both proving popular choices with students. The responses suggested a lack of precise understanding of the concept of capacity reduction and, perhaps, that a significant number of students failed to focus on the crucial significance of the word **not** in the question.

Questions 1, 6 and 10 also proved to be challenging for a significant number of students with the most common distractors proving to be response A for question 1, response C for question 10 and response D for question 6.

In addition to response A, question 1 saw a significant number of students opting for responses C and D which suggests that they were lacking a clear understanding of the differences between hygiene factors and motivators in the context of Herzberg's 'two factor' theory.

The responses to question 10 suggested a weakness in the skill of data interpretation on the part of a significant number of students. Although response C was the most common distractor, many students were attracted to option B.

The responses to question 6 suggested imprecise understanding of the 'process' element of the seven Ps of the marketing mix on the part of a significant number of students.

Although most students were able to identify the correct response to question 8, a number were attracted to options A and B.

As ever, students need to read both the question and the different options presented by the multiple choice questions carefully.

Section B**Question 11**

Just over half of the responses to this question were awarded full marks, with over a quarter of the students achieving one mark. The most effective responses were impressively concise, demonstrating an understanding of the link between the rise in labour turnover and recruitment costs and offering a brief supporting explanation.

The responses that remained in level 1 tended to simply state the link without any attempt at explanation. Weaker responses often stated that recruitment costs might rise without making any link to labour turnover, and some seemed to confuse labour turnover with labour productivity, while others took the view that labour turnover had fallen. One striking aspect of these responses was the number of students who attempted to develop an argument around the impact on training rather than recruitment costs, which suggests a lack of precise knowledge and understanding of this topic.

Question 12

A significant number of responses achieved level 2 marks by demonstrating often impressive knowledge and understanding of decision trees and their limitations in the context of business decision making in general. The most effective responses focused on just one limitation but linked it to the context of a new, innovative product. The weaker responses that failed to move beyond level 1 tended to be descriptive and do little more than show some general (and often imprecise) knowledge of the issues around decision trees. A significant number of students appeared to be unable to demonstrate any relevant knowledge, and there were a number of highly generic responses that drifted into discussions of decision making in general and/or the importance of the external environment, without it ever becoming clear as to whether the student had any knowledge of decision trees.

Question 13

This proved to be an accessible question that was based on a familiar concept but which challenged students to carry out a calculation that they might not necessarily practise as a matter of course. The majority of responses to this question were awarded 3 or 4 marks, with most of these students achieving full marks. The most popular route to the correct answer appeared to be based on a 'contribution per unit' approach, and those students who fell short tended to use this approach to calculate the unit contribution but failed to take the final step. The weakest responses either made very limited attempts at a calculation or just offered some valid subject knowledge with no attempt at a calculation.

As ever, marks were awarded through the application of the 'own figure rule', thus reinforcing the value of students showing their working and it was encouraging to see a significant reduction in the number of students who simply provided an answer (sometimes, the correct one) without any indication as to how they got there.

Question 14

This question differentiated effectively and was generally well answered with the majority of responses to this question awarded 4 or 5 marks, with most of these students achieving full marks. In this case, those students who fell short tended to offer an answer of 88 units and thus failed to take the final step, thus, one again, highlighting the importance of identifying all of the demands of the question. A number of students were able to calculate the total units of output for 2017 by multiplying 80 by 40 and, in some cases, went on to apply the increase of 15.5%, but then stopped at that point.

The weakest responses demonstrated a fundamental lack of knowledge of the concept of labour productivity, and many of these tended to start by dividing labour productivity by the number of employees to reach an answer of 2 units for output in 2017. Again, some students just offered some valid subject knowledge with no attempt at a calculation, and a number were unable to achieve any marks on this question. As before, marks were awarded through the application of the 'own figure rule'.

Question 15

The majority of responses achieved level 2 by demonstrating clear knowledge and understanding of the likely impact of an ageing population on a private hospital business. Most students came at this from the demand side and were able to make and develop a link between an ageing population and a higher level of demand for medical services. However, in a great number of cases, such arguments tended to end with the notions of increased demand, revenue or sales, and fell short of making a link to the level of profits. A considerable number of responses simply asserted that increased revenue would automatically lead to an increase in the level of profits, even when the response had started with a perfectly reasonable definition of profit.

A limited number of students considered the cost implications of an ageing population for a health care business but, again, tended to fall short of taking the argument through to the likely impact of the level of profits by ignoring the implications for revenue. The level 3 responses had a clear focus on the impact of an ageing population on the level of profits and developed explanations that considered both costs and revenue.

The weaker responses that failed to move beyond level 1 tended to be descriptive and did little more than show some general understanding of the notion that an ageing population would experience an increase in health issues. Some students seemed to be confused by the differences between private and public sector provision, and tended to devote most, if not all, of their response to the perceived inadequacies of the NHS without ever attempting to develop a line of reasoning that focussed on the question set.

Section C

Question 16.1

This proved to be an accessible question with the vast majority of students being able to provide reasonable responses and a very significant number achieving the highest level. The most impressive responses demonstrated very sound knowledge and understanding of Maslow's hierarchy of needs (often implicitly), and developed very clear links between relevant aspects of the theory and the needs of both groups of employees and the ways in which Colbeck Toys Ltd might motivate them as a consequence. There were very many examples of the excellent use of the context of the scenario provided, and it was striking to see how many students had the confidence to dispense with the customary definition and to convincingly demonstrate their knowledge in the body of the response.

A number of students did not appear to fully understand Maslow's theory while some focused on just one aspect of the theory (for example, attempting to relate the needs of both types of workers to social / belonging or self-actualisation). Some students developed arguments with no reference to Maslow at all, and a small number referred instead to other theorists such as Herzberg, Hackman and Oldham, or Tannenbaum and Schmidt. In both cases, many students were able to access level 2 by thoughtfully identifying the needs of both types of employees and developing convincing links to ways in which the company might motivate them.

A number of responses were limited by various types of mismatch. For example, the suggested ways of motivating employees did not suit the level of the hierarchy indicated. In other cases, students failed to recognise the key issue for one or even both types of employee, although the head office employees seemed to prove more challenging in this respect. A number of discussions around social needs did not really go beyond the suggestion that the business should organise more social events such as 'parties' and 'away days'.

In the case of the weakest responses (of which, there were relatively few), students seemed to have no knowledge of the relevant model, and did little more than identify some issues and any explanation tended to be very limited and largely descriptive.

Question 16.2

The vast majority of students were able to provide reasonable responses to this question and a significant number moved into the highest levels. The weakest responses tended to do little more than offer definitions which were often lacking in precision and substance, and a small number appeared to have no knowledge / understanding of venture capital.

Many students achieved reasonable marks by demonstrating sound knowledge and understanding of bank loans and venture capital, and by making essentially generic comparisons between them without ever really applying their arguments to the context provided. The case study offered a significant number of 'hooks' for application, and the best responses used them in a thoughtfully selective manner. Many students mentioned the issue of 'control' or even the issue of the 'family dynamic' but a large number failed to appreciate that these might be significant factors in the decision. The significance of the pedigree of the business being family owned and set up for the next generation was missed by many, and a number of arguments advocating the venture capital option did not really consider the potential for conflict and the implications of short termism on a workforce already beset by productivity / motivation issues. There also seemed to be some confusion around 'market capitalisation'.

The responses that moved into the highest levels tended to offer arguments in favour of the bank loan with a focus on control and family heritage, and then achieved balance by offering counter arguments around the servicing and burden of increased debt in the context of the financial position of the business. The most impressive responses were built on balanced and well developed arguments that led logically to a well-supported overall decision with a clear focus on the demands of the question. A striking feature of such responses was the clarity of the students' view, as well as the coherent structure of the discussion and the thoughtful selection of the arguments. This suggests that the better answers were planned and had a clear sense of the demands of the question and what they wanted to argue from the start.

Question 17.1

This proved to be a challenging question which elicited a range of marks with a significant number of students appearing to struggle with the concept of centralisation and a number of students did not attempt this question.

The level 3 responses demonstrated a clear understanding of the key issue of centralisation (usually implicitly), and made very effective use of the case study. They addressed two possible effects of the centralisation of decision-making on Doyles and maintained a clear focus on the demands of the question. The reasonable responses were almost invariably generic in nature, and tended to demonstrate knowledge and understanding through a definition of centralisation and went on to consider the effects without any real link to the context of Doyles. A few students offered a single line of argument focusing on just one effect.

The weakest responses did not seem to understand centralisation, with some appearing to take the view that it related to the relationship with Charlotte who was seen as an employee, and others drifting into discussions around management style, motivation and relationships with suppliers.

Question 17.2

Many students were able to provide reasonable responses to this question and a significant number moved into the higher levels. The weakest responses tended to do little more than offer a limited amount of knowledge which, on a number of occasions, included definitions and unsupported assertions. Others tended to identify a number of factors that might determine her decision with little or no explanation. A number of students appeared to simply work their way through the case study picking out all of the factors that might have a bearing on her decision, and, consequently, did little more than recycle the case study. Others seemed to assume that Charlotte was an employee of Doyles which led to some rather confused responses. The weakest responses also tended to either ignore the financial data in the case or do little more than describe it with no real attempt to manipulate the data or to carry out any valid calculations

A significant number of students were evangelical about the power of selling online, appearing to take the view that this would inevitably result in global reach and unlimited success and profit for Charlotte. Such responses also tended to assume that celebrity endorsement would follow automatically.

Other responses contained more developed and applied explanations but were rather one-sided and thus lacked balance, and a significant number of such responses did not offer any real counter arguments. This inevitably led to judgements that were partial at best.

Most students did identify the issues involved in making the choice between renewing the contract or selling online. However, relatively few built effectively on this to offer a sound and well supported overall judgement as to the best course of action, and a significant number simply presented the pros and cons of each option without really coming to any clear conclusion. Such responses indicated a lack of planning and thinking.. Students should ensure that their overall judgement is logical and is based on the balance of the arguments provided, and they need to apportion their thinking and actual writing time appropriately. Evaluative questions such as this one tend to require a well justified decision / judgement, not just an outline of the case for and against. Students need to think carefully about the demands of the question, to achieve the highest levels

That said, there were some impressive responses that were built on valid calculations and other well selected and pertinent factors leading to logical and well supported judgments. The most effective responses tended to start by carrying out two valid calculations (£800 and £1152) around the net profit margin and making a logical judgement based on this. They then went on to consider some other valid issues focusing on the degree of risk and uncertainty, and Charlotte's own motivation, possible desire for greater artistic freedom and skill set / experience.

It was clearly evident that the most successful students had unpicked the demands of the question, paused for thought and undertaken some planning before ever committing a word to paper. Such students identified the 'it depends' factors and used them to shape and frame their argument rather than 'bolt' them on at the end. They took a clear view, and there was evidence of thinking and planning, and of having a sense of direction from the outset, and this seems to a key to excellent answers in that they are written with a clear intent.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results Statistics](#) page of the AQA Website.